

SUBJECT: PERFORMANCE MEASUREMENT REPORTING

1. **PURPOSE.** This Order establishes a consistent Departmental approach to creating, monitoring and reporting on performance measures and results when managing program goals. It provides instructions for Department of Energy (DOE) executive leadership and management and employees to develop transparent performance measurement and internal control processes. The objectives of this Order are to—
 - a. define the expectations for DOE's performance measurement and internal control processes which support the institutionalization of the Government Performance and Results Act of 1993 [Public Law (P.L.) 103-62];
 - b. ensure that performance measures are developed and aligned with the Department's Strategic Goals;
 - c. facilitate a consistent approach to performance measure development, evaluation and reporting;
 - d. ensure that performance results and reporting are supported by documentation, are verified and validated, and have sound internal control processes; and
 - e. establish and maintain performance measurement change control protocols.
2. **CANCELLATIONS.** DOE G 120.1-5, *Guidelines for Performance Measurement*, dated 6-30-96.
3. **APPLICABILITY.**
 - a. **DOE Elements.** Except for the exclusions in paragraph 3c, this Order applies to all Departmental elements, including those created after the Order is issued. (Go to www.directives.doe.gov for the current listing of Departmental elements.)

The Administrator of the National Nuclear Security Administration (NNSA) will assure that NNSA employees and contractors comply with their respective responsibilities under this Order.
 - b. **DOE Contractors.** Does not apply to contractors.
 - c. **Exclusions.** None.
4. **REQUIREMENTS.** Performance standards are the metrics used to evaluate the performance of Departmental Elements in accordance with their budget allocations. These metrics flow down to assist in the evaluation of the performance of executives, managers, and employees. These measures are based on the goals in the Department's

Strategic Plan and the annual targets in the Department's annual performance budget. All program elements must develop and report performance measures. Additional guidance is available in Attachment, terms are defined in Attachment 2 and sample internal control forms are in Attachment 3.

- a. Program elements' performance measurement and reporting processes will be consolidated at the Headquarters level for official reporting. Programs will—
 - (1) develop and define quantifiable, measurable, objective performance goals (targeted levels of performance),
 - (2) establish performance indicators (value or characteristic) used for measuring and assessing success in achieving each goal and
 - (3) obtain management concurrence and/or approval on performance measurement reporting, documentation, and internal control processes.
- b. Designated points of contact (POCs) will meet monthly with the Office of Program Analysis and Evaluation (PA&E) to discuss and review performance measures and internal controls.
- c. Develop internal control systems that require all program and staff offices to—
 - (1) enroll the appropriate personnel in the aforementioned training course on performance measurement internal controls;
 - (2) implement the performance measurement internal control guidance developed by the Chief Financial Officer; and
 - (3) ensure appropriate management review of performance results are submitted each quarter and at the close of the fiscal year.
- d. DOE program managers will consult the Government Performance and Results Act of 1993 and OMB A-11 for Government-wide guidance related to performance measurement.
- e. Each program will submit, through the Department's Performance Measure Manager (PMM) system, to the Office of Program Analysis and evaluations, quarterly performance assessments supported by documentation such as—
 - (1) credible third party documents such as a report from an expert, expert panel, or state regulatory agency verifying target completion;
 - (2) physical examination, observation, computation, and inspection such as viewing the completed building or a study called for in the performance target; and

- (3) original documents such as a signed statement or email verifying target completion..
 - f. Each program element will annually assess its performance metric and enter that data into PMM at the end of each fiscal year. The assessment will—
 - (1) evaluate the performance plan and level of achievement of goals for the current fiscal year in comparison with those of the previous year and
 - (2) where goals have not been met, explain why and establish a plan for achieving those goals.
 - g. Program elements will develop and report on at least one effectiveness¹ and one efficiency² performance measure in the Department's PMM system and record corresponding data into OMB's Program Assessment Rating Tool (PART) Web.
- 5. RESPONSIBILITIES.
 - a. Secretarial Officers or Senior Level Designees.
 - (1) Designate points of contact (POCs) and/or representatives for program and staff office performance reporting activities.
 - (2) Review and approve performance measures, reporting, results documentation, and change control requests.
 - (3) Ensure that performance results are substantiated with proper documentation, and numerical calculations.
 - (4) Review, certify and approve performance documentation and information prior to submitting final reports to PA&E in a timely manner.
 - b. Office of Program Analysis and Evaluation.
 - (1) Ensures that independent performance reviews are conducted in advance of the annual performance report audit for at least 10 percent of the Government Performance Results Act unit program goals providing performance results.
 - (2) Develops and implements annual updates for program and staff offices to follow in relation to performance measurement and internal controls through the budget guidance.

¹ Ability to produce high-quality, timely, and relevant outputs.

² Producing an outcome with minimum waste or a cost/time/resource savings, or maturing performance at a best-in-class

- (3) Independently assesses performance measures, documentation, results, and internal controls in conjunction with fiscal year (FY) budget cycles.
- (4) Provides to programs instructions and reporting requirements for data needed to produce the Department's Performance and Accountability Report (PAR)—Agency Financial Report, Annual Performance Report (APR) and Citizen's Report documents.
- (5) Offer a training course on performance measurement and internal controls each quarter.

c. Program and Staff Office POCs.

- (1) Ensure that each program and staff office has at least one efficiency and one effectiveness performance measure, as part of Department's official performance measurement tracking system.
- (2) Provide all performance reporting results and deliverables on a quarterly basis as directed by PA&E.
- (3) Annually review, revise and align performance measures as appropriate.
- (4) Implement sound internal control processes for performance measurement, development, reporting and analysis.

6. REFERENCES.

- a. P.L. 101-576, Chief Financial Officers Act of 1990, which requires Federal agencies to submit to the OMB annual, audited financial statements for each revolving fund, trust fund, office, bureau, and activity which performs a substantial commercial function and develop and maintain an integrated agency accounting and financial management system including financial control.
- b. P.L. 103-355, Federal Acquisition Streamlining Act of 1994 (FASA), which requires Federal agencies to approve or define the cost, performance, and schedule goals and determine the continuing need for programs that are significantly behind schedule, over budget, or not in compliance with performance or capability requirements and identify suitable actions to be taken and develop results-oriented acquisition process guidelines for implementation by agencies in acquisitions of property and services.
- c. P.L. 103-356, Government Management Reform Act of 1994 (GMRA), which requires Federal agencies to submit to OMB a single, audited financial statement for the preceding fiscal year, including performance measures of outputs and outcomes and disclose whether and how the mission of the Federal Agency is being accomplished and what, if anything, needs to be done to improve either Program or financial performance.

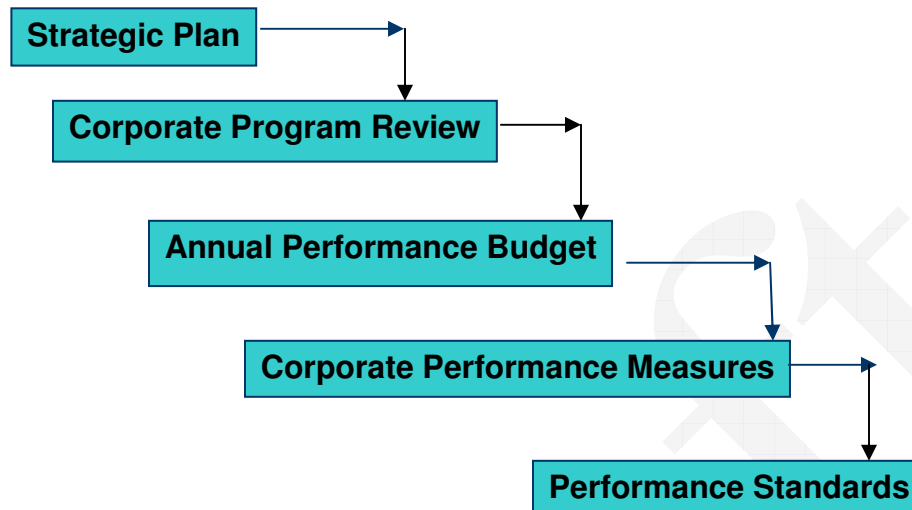
- d. P.L. 103-62, Government Performance and Results Act of 1993 (GPRA), which requires Federal agencies to develop strategic plans and report annually on actual performance compared to goals.
 - e. OMB Circular A-11, *Preparation, Submission and Execution of the Budget*, which requires Federal agencies to prepare a performance budget that fully integrates the annual performance plan with other elements of the agency budget request, explain the relationship between performance goals and costs for achieving targeted levels of performance, and link strategic goals with related outcome-oriented long-term and annual performance goals and the costs of activities contribute to achievement of those goals.
 - f. OMB Circular A-123 Management's Responsibility for Internal Control, which requires Federal agencies to ensure that programs achieve their intended results; resources are consistent with the agency mission; programs and resources are protected from waste, fraud, and mismanagement; laws and regulations are followed; and reliable and timely information is obtained, maintained, reported, and used for decision-making.
 - g. OMB Circular A-136 Financial Reporting Requirements, which requires Federal agencies to prepare and submit audited financial statements and performance management reports in the Performance and Accountability Report (PAR) and provide financial and performance information that enables the President, the Congress, and the public to assess the performance of an agency relative to its mission and to demonstrate accountability.
7. NECESSITY FINDING STATEMENT. In compliance with Sec. 3174 of P.L. 104-201 (50 U.S.C. 2584 note), DOE hereby finds that this Order is necessary for the protection of human health and the environment or safety, fulfillment of current legal requirements, or conduct of critical administrative functions.
8. CONTACT. Questions concerning this Order should be addressed to the Office of Program Analysis and Evaluation at 202-586-1911.

BY ORDER OF THE SECRETARY OF ENERGY:

JEFFREY F. KUPFER
Acting Deputy Secretary

PERFORMANCE PLANNING AND MEASUREMENT

PLANNING CASCADE



The Strategic Plan is the beginning of DOE’s planning process, and it is the long-term strategy for the overall direction of the Department. All planning and performance data should flow down from the Strategic Plan all the way to the employee and contractor performance standards. The following is an overview of the elements within the performance management cascade.

The Corporate Program Review (CPR) process takes place on an annual basis and provides the Department’s senior managers with an integrated list of Program priorities. The Department’s senior managers use this approach to assess each Program and determine Departmental priorities. The CPR information is then used in preparing budget requests.

The Annual Performance Budget is the process by which funding is assigned to the various Programs and offices based on the results of the Corporate Program Review and in concert with their Multi-Year Program Plan.

Corporate Performance Measures are the “critical few” performance measures included in the budget which are used to help justify the Department’s budget request. These are the same measures tracked in Joule and, in most instances, reported in the Program Assessment Rating Tool (PART).³

Performance Standards are the measures used to evaluate the job performance of executives, managers, employees, and contractors. These measures are based on the goals in the Department’s Strategic Plan and the targets in the Department’s annual performance budget.

³ Please refer to glossary for definitions.

The success of DOE's initiative to meet Departmental goals depends on the development of useful, specific, and realistic performance standards. If this is done well with every organization and individual contributing, performance standards can be a valuable self-evaluation and communication tool.

MEASURING PERFORMANCE

General Types of Performance Measures

For the purposes of this document we will highlight the four basic types of performance measures. Following the brief definition is an example for further clarity.

OUTPUT: Activity, service or product (e.g., To deliver 100 kW of power by the end of FY 2006.)

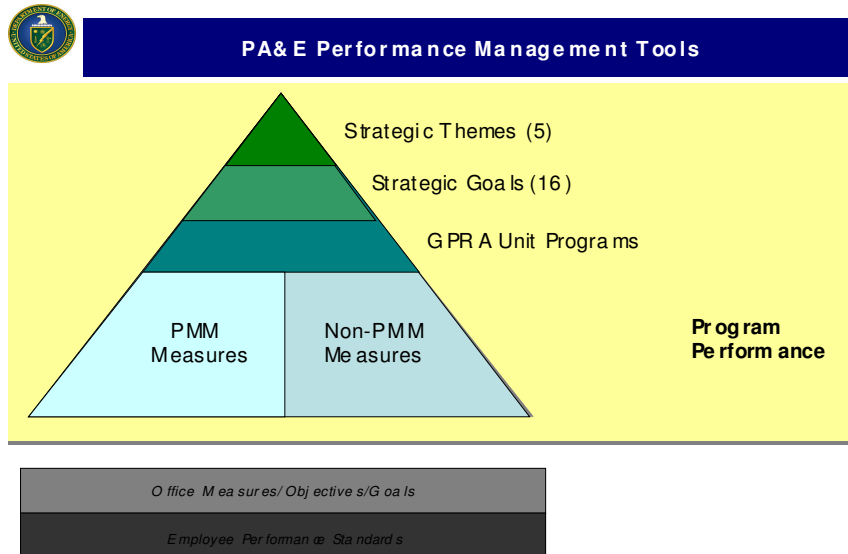
OUTCOME: The result, effect or consequence of work (e.g., To deliver 100 kW of power by the end of FY 2006 so 100 low-income families have heat in the winter of FY 2006.)

EFFECTIVENESS: Ability to produce high-quality, timely, and relevant outputs (e.g., Deliver 100 kW of power with zero power interruptions to low income families in FY 2006.)

EFFICIENCY: Producing an outcome with minimum waste or a cost/time/resource savings, or maturing performance at a best-in-class (Benchmarked) level (e.g., to *deliver 100 kW of power at a cost of 10% below the FY 2005 baseline of \$50M to low income families in FY 2006*).

DOE Specific Types of Performance Metrics

DOE's performance metrics are structured in a pyramid.



Strategic Themes – represent the broad categories the Department is actively working to achieve the mission.

Strategic Goals – are the long-term outcomes created to address the interest, problem, or need arising from the organization's mission statement within each Strategic Theme.

GPRA Unit Program⁴Goals – are the long range goals the Programs use to assess how well they are supporting the Department's strategic goals. These goals are also used to support the Program's budget request.

PPM Measures – are the annual performance targets in the budget that Programs use to show progress in meeting their overall GPRA Unit Program goals. Targets with associated quarterly milestones are developed to show progress toward completion of the targets which can be tracked throughout the year.

Non-PPM Measures – are the annual performance targets that are tracked within the individual Program to assess how well the Program is completing its mission.

Office Measures/Objectives/Goals – are metrics that are tracked as part of a Program's operating plan and are tied to Joule and Non-Joule measures.

Personal Performance Standards – are the metrics that are used to evaluate individual employee performance against office metrics. These performance standards are tied to both Joule and Non-Joule measures.

⁴ Please refer to glossary for definitions.

Characteristics of Good Performance Measures

In order for a performance measure to be considered strong and useful it must meet the seven characteristics identified below.

Meaningful/Relevant: The output must contribute significantly to the Department-Level Strategic Goals.

Quantifiable: A statement in objective terms which measures achievement with a numeric value (#, %, Dates).

Auditable: Justifiable/empirical evidence must be available and readily accessible to verify stated results.

Precision/Accuracy Level: All readers using the data should arrive at the same conclusion regarding performance.

Ease of Understanding: Performance measures should be written in plain language and easily understood.

Measurable: The ability to assess an initiative or proposed outcome against a standard in a defensible manner.

Established Baseline: Value or standard that an initiative or outcome is based, so that increases or decreases in performance can be computed.

GLOSSARY OF TERMS

GPRA Unit – The definition of a DOE Program for internal and external reporting purposes as agreed to by DOE and OMB.

Joule - A performance measurement tracking system built with database software designed by Panorama Business Views. It organizes performance measures in a hierarchical structure to show the relationship between individual performance targets and overall Departmental performance. Another key feature of the system is the use of colors to represent performance levels. Program/staff offices input performance results directly into Joule.

Program Assessment Rating Tool (PART) – A rating tool developed by OMB to assess and improve Program performance so that the Federal government can achieve better results. A PART review (conducted once every five years for each program) helps identify a Program's strengths and weaknesses to inform funding and management decisions aimed at making the Program more effective. The PART therefore looks at all factors that affect and reflect performance including Program purpose and design; performance measurement, evaluations, and strategic planning; Program management; and Program results.

PARTWeb - A web-based data collection application for agencies and OMB to complete and track PART measures and results. Major components of the system will include:

- Agency direct access for entering PART data using a web-based application;
- Features that facilitate internal agency as well as agency/OMB collaboration to complete PART assessments;
- Mechanisms for agency and OMB staff to track PART recommendations; and
- Access for all PARTWeb users to view and search all prior completed PART assessments to encourage collaboration and learning from prior assessments.

Performance and Accountability Report - The Performance and Accountability Report (PAR) is the document that streamlines and consolidates multiple statutory reporting requirements, including the reporting of performance results, audited financial statements and the status of internal controls. In 2007, OMB established the *FY 2007 Pilot Program for Alternative Approaches to Performance and Accountability Reporting*. The new pilot report includes the Agency Financial Report (AFR) (financial and performance results); the Annual Performance Report (APR) (detailed performance results); and the Highlights Documents (a summary of both the AFR and the APR). Every agency must publish the PAR to demonstrate its performance over the past year. The AFR is due in November to Congress, OMB, and the American public. The majority of the PAR is the discussion of the performance measure results. The PAR also contains the fiscal year financial information as a way to provide more transparency to the American public.

INTERNAL CONTROL FORMS

Performance Measure Change Control Process

Introduction: Maintaining, implementing and enhancing a performance program necessitates occasional changes to performance targets. To effectively manage these changes, the Office of Program Analysis and Evaluation (PA&E) has implemented a control process.

Purpose: The purpose of a change control process is to document the history of a performance measure from its first recordation in the multi-year Congressional Budget Request through its implementation in Joule, DOE's automated performance tracking system. This information is frequently requested by auditors to determine whether the Department of Energy is performing all the work and only the work authorized in appropriations. A performance measure change control process assures that modifications are identified, coordinated, reviewed, approved, and documented and implemented in a timely and disciplined manner.

Discussion: Events occur throughout the year fostering the need to change performance measures including:

- Appropriations, particularly following Continuing Resolutions;
- Measurement Analysis and Formulation;
- Internal performance measure review;
- PART;
- Transfers of work to/from other organizations; and
- Unanticipated outcomes (such as premature off-ramping due to less than desirable interim results).

This guidance provides a consistent review, tracking and approval process for these changes.

The starting point for the implementation of the Performance Measure Change Control Process is the FY 2007-11 Congressional Budget Request. PA&E analysts are asked to compare performance measures contained in this budget with the contents of Joule and confirm that a Performance Measure Change Request form is filed for each discrepancy. As always, changes to performance measures during the fiscal year, after the implementation of an authorized appropriation is already underway, can not be entertained.

As noted on the form, the appropriate Office of Management and Budget (OMB) analyst must be notified of the Performance Measure Change Request. The Request is then signed by the Joule user, who is authorized to act for Program Secretarial Officers in the area of performance, and by the PA&E analyst, who verifies the acceptability of the change.

Forms are requested as soon as a change is identified.

FORM 1: PERFORMANCE MEASURE CHANGE REQUESTS

Directions: The purpose of this form is to document changes in performance measures from first recordation in the multi-year Congressional Budget Request through implementation.

In completing this form, only one measure request change is permitted and all data fields must be completed for a measure change request to be considered. Changes to performance measures during the fiscal year, after implementation of an authorized appropriation is already underway, can not be entertained. Please contact your Office of Program Analysis and Evaluation analyst for additional information.

Fiscal years of most recent Congressional Budget Request: _____

Event prompting this change: _____

Current measure _____ Fiscal year: _____

Current measure in most recent Congressional Budget Request: _____

Current target: _____

Current milestones: _____

Q1: _____

Q2: _____

Q3: _____

Q4: _____

Proposed Change _____

Proposed measure: _____

Proposed target: _____

Proposed milestones: _____

Q1: _____

Q2: _____

Q3: _____

Q4: _____

Documentation _____

Supporting documentation for proposed performance measure: _____

Is documentation included in the Internal Control for Documentation? _____

Explanation _____

Need for change: _____

Programmatic impact of change: _____

Impact on PART measure alignment: _____

Approval/Notification _____

Date of notification of OMB analyst _____

Date and signature, authorized Joule user _____

Date and signature, PA&E analyst _____

FORM 2: PERFORMANCE REPORTING AND DOCUMENTATION PROCESSES

Purpose

The following forms and associated guidance are designed to strengthen DOE's documentation requirements and procedures pertaining to the quality of reported results and the supporting documentation prior to official submission to Joule. This is accomplished by improving the guidance with respect to the quality control of submitted performance results and management oversight of those submissions.

Internal Control: Documentation of Performance Results

Directions

Please summarize the requested information at the office level and complete all entries using "N/A" where "not applicable". The National Nuclear Security Administration (NNSA) is asked to provide aggregate information for Weapons Activities, Nuclear Nonproliferation, and Naval Reactors. The completed form is an office's internal control documentation. The Office should keep the completed form to document their internal control process. These forms along with the completed Documentation constitute an *effective system of management controls* per the Government Auditing Standards, Section 6.54 b.

Office:

Does the Internal Control Process, described below, pertain to all measures? Describe any shortfalls:

Using the guidance provided in Sections 6.53 and 6.54 of the Government Auditing Standards, has the office consistently used the most credible evidence available to document the results of a performance target? Describe any shortfalls:

Internal Control Process

In a paragraph or so, describe how and when performance results are generally reported, documented, verified by staff and certified by senior management:

Who is the Program Secretarial Officer or designee certifying the final performance results in Joule?

How are office senior managers informed of performance measures and results?

Identify which, if any of the performance results are calculated, the calculation, and how the result is verified:

If the documentation of the performance results consist of certifications by a signed document or email, provide the text to be used that indicates the result is clear and unambiguous:

If available, list the repository for the documentation, such as a website:

Identify when the documentation is to be available and the frequency or the publication date:

Identify any additional sources of supporting documentation should auditors require further substantiation:

Approval/Notification

Date and signature, authorized Joule user

Date and signature, PA&E analyst

Date and signature, PA&E management

DRAFT

FORM 3: DOCUMENTATION OF FY 20XX PERFORMANCE RESULTS

Directions

Please identify the documents to be used as evidence to support quarterly and annual performance results reported in Joule. In addition, the following is a list of types of evidence in order of descending credibility. Please use this list to complete the last column of the table.

Credible third party such as a report from an expert, expert panel, or state regulatory agency verifying target completion.

Physical examination, observation, computation, and inspection such as viewing the completed building or a study called for in the performance target.

Original documents such as a signed statement or email verifying target completion.

Testimonial evidence free from intimidation obtained in a situation such as a private discussion with a contractor that excludes DOE personnel.

Testimonial evidence free from bias such as discussion with external observer.

Documentation for FY 20xx Performance Results

Joule #	FY 20xx MEASURE	FY 20xx Documentation	Type (See Above List)	For Q1, Q2, Q3 or Annual?

Approval/Notification

Date and signature, authorized Joule user

Date and signature, PA&E analyst

Date and signature, PA&E management